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OGC 64-5445

23 December 1964

MEMORANDUM FOR THE RECORD

SUBJECT: HEINE v. RAUS - Slander Suit

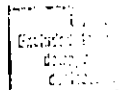
1. Intermittently during the past nine months, this Office has been consulted by SR/O/AC concerning one Juri RAUS. RAUS is an unpaid agent of SR engaged in the Estonian liberation movements. He is being sued by one Erik HEINE for slander. RAUS has declared in the presence of various Estonian groups that HEINE is a communist and a KGB agent.

2. Mr. RAUS was informed of HEINE's possible Soviet connections by a member of this Agency. There is a difference of opinion between RAUS and the Agency as to whether RAUS was also instructed to republish this information. It is SR's opinion that the minimum we owe RAUS is to provide him with legal assistance through a cleared attorney and to pay all costs occasioned by the suit. SR has not reached the decision as to whether they will pay any judgment or settlement resulting therefrom.

3. Because of prior involvement and recommendations, [ ] and [ ] were retained to represent the defendant RAUS. [ ] readily understood just about every facet of the case as it was explained to him. It was agreed between [ ] and me that the Agency would provide full background information on any aspect of the case we could. It was very clearly understood by [ ] that at the same time, we would provide him with no information admissible in a court of law; we would provide no witnesses; and if forced, we would admit or deny nothing wherever possible. Accordingly, it is obvious that a conflict will develop between [ ] role as counsel for RAUS and the Agency's desire to maintain security. Various defenses

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such as absolute privilege for Government employees, qualified privileges based upon responsible belief that HEINE was a KGB agent, and perhaps even some aspects in mitigation of damage will be difficult if not impossible for [ ] to present without open Agency involvement. When this conflict becomes acute, [ ] will give the Agency ample and secure notice of the problem. He suggested that it might be only resolvable through an indemnification agreement between RAUS and the Government.

4. It is also possible that the FBI will become involved in this case because of certain letters from J. Edgar Hoover for both plaintiff and defendant. The plaintiff feels that a portion of his case is either established or strengthened by Mr. Hoover's letters in his possession.

5. There are many uncertainties and difficulties in this case, not the least of which is the extensive damage which can be done by the plaintiff through proper use of discovery techniques. There is also a publicity aspect to be considered. The CIA is in the position of a deep involvement in domestic U.S. emigré matters not readily explainable to the public. Certainly in the course of pre-trial or trial proceedings, it will be brought out that the CIA was the security agency which passed on the derogatory information concerning plaintiff HEINE. One fact is certain. The sole bright spot in the entire picture is that the Agency is fortunate enough to have contacted [ ] as the attorney in this case.

/s/ [ ]

Office of General Counsel

cc: SR/O/AC  
SR/CI ✓  
Asst. Dir. for  
Public Affairs

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